Manitoba Employee Pensions and Other Costs

Supplementary Information for Legislative Review

2003-2004 Departmental Expenditure Estimates

Manitoba

103-07304/

EMPLOYEE PENSIONS AND OTHER COSTS

SUPPLEMENTARY INFORMATION

FOR

LEGISLATIVE REVIEW

2003-2004 EXPENDITURE ESTIMATES

PREFACE

This document has been produced by the Department of Finance and is intended to provide additional background information on Employee Pensions and Other Costs to complement the information contained in the 2003/04 Estimates of Expenditure.

The contents of this supplement are organized into three parts. The first part provides an overview of Employee Pensions and Other Costs' 2003/04 Estimates of Expenditure. The second part provides financial information including details for each of the programs while part three provides historical information.

This document has been developed to assist Members of the Legislature in the review of the 2003/04 Estimates of Expenditure. It is hoped that it will provide meaningful additional information and that it will meet the needs of the users of the information. I welcome feedback as to the usefulness of this supplementary information.

Honourable Greg Selinger
Minister of Finance

INDEX

Page

PART 1 **DEPARTMENTAL OVERVIEW** **1**

General Information

Schedule 1 - Expenditure Summary by Appropriation 4
Schedule 2 - Expenditure Summary by Sub-Appropriation 5

PART 2 **PROGRAM AND FINANCIAL INFORMATION** **7**

Employee Pensions and Other Costs 9

PART 3 **HISTORICAL INFORMATION** **15**

Departmental Comparison 1999/2000 - 2003/04

Schedule 3 - Five Year Expenditure Summary by Sub-Appropriation 17
Chart 1 - Five Year Expenditure History 18

PART I

DEPARTMENTAL OVERVIEW

EMPLOYEE PENSIONS AND OTHER COSTS

MINISTER

Honourable Greg Selinger

SECRETARY TO TREASURY BOARD

Don Potter

OVERVIEW

The Benefits Administration Branch of Labour Relations Division, Treasury Board Secretariat, is responsible for providing central administrative services to government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and personnel policies. Negotiated plans include the Ambulance & Hospital Semi-Private (AHSP), Dental, Vision, Prescription Drug and Long Term Disability plans. The branch manages the chargeback and recovery of workers compensation costs from government departments and agencies and compiles financial information for statutory benefit and insurance programs including the Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance, Employment Insurance and the Levy for Health and Post-Secondary Education.

Provisions for premium-based benefits such as Canada Pension Plan and Employment Insurance have been adjusted to reflect changes in premium rates and maximum insurable earning levels, where applicable. Provisions for self-insured benefits, such as long term disability and dental, have been adjusted for anticipated changes in volume as well as changes in eligible expense coverage negotiated as part of existing collective agreements, where applicable. These costs will be recovered from departments.

SCHEDULE 1

EMPLOYEE PENSIONS AND OTHER COSTS
EXPENDITURE SUMMARY
BY APPROPRIATION

		Estimates of Expenditure 2003/04 $(000s)	Change From 2002/03 %	Estimates of Expenditure 2002/03 $(000s)*
1.	Employee Pensions And Other Costs	**65,412.5**	9.0	60,011.5
TOTAL APPROPRIATIONS FOR EMPLOYEE PENSIONS AND OTHER COSTS		**65,412.5**	9.0	60,011.5

***Reconciliation Statement**
$(000s)

Printed Estimates of Expenditure 2002/03	60,011.5
Estimates of Expenditure 2002/03 (Adjusted)	60,011.5

SCHEDULE 2

EMPLOYEE PENSIONS AND OTHER COSTS
EXPENDITURE SUMMARY
BY SUB-APPROPRIATION

	ESTIMATES OF EXPENDITURE 2003/04 $(000s)		ESTIMATES OF EXPENDITURE 2002/03 $(000s)	
Civil Service Superannuation Plan		**59,097.5**		54,496.5
Other Salary Related Benefits		**6,300.0**		5,500.0
Workers Compensation Board:				
Assessments re: Accidents to Government Employees	**3,100.0**		2,868.0	
Less: Recoverable from other appropriations	**(3,085.0)**		(2,853.0)	
Subtotal		**15.0**		15.0
Canada Pension Plan	**26,865.0**		26,098.0	
Employment Insurance Plan	**16,348.8**		18,114.5	
Civil Service Group Life Insurance	**1,848.7**		1,797.5	
Dental Plan	**6,907.0**		6,461.2	
Vision Care	**1,179.7**		1,146.7	
Prescription Drug Plan	**2,767.4**		2,680.4	
Ambulance and Hospital Semi-Private Plan	**233.2**		315.2	
Long Term Disability Plan	**5,141.0**		4,424.0	
Levy for Health and Post-Secondary Education	**15,564.0**		15,364.2	
Pension Liability for New Employees	**2,980.0**		1,000.0	
Subtotal		**79,834.8**		77,401.7
Less: Recoverable from other appropriations		**(79,834.8)**		(77,401.7)
TOTAL FOR EMPLOYEE PENSIONS AND OTHER COSTS		**65,412.5**		60,011.5

PART 2

PROGRAM AND FINANCIAL INFORMATION

Res. No.	Approp. No.	Employee Pensions and Other Costs (6) Details of Appropriation	**Estimates of Expenditure 2003/04 $(000s)**	Estimates of Expenditure 2002/03 $(000s)
6.1	1.	EMPLOYEE PENSIONS AND OTHER COSTS	**65,412.5**	60,011.5
		Provides for the cost of various payments related to employees, including: pension payments to retired employees of the Manitoba Government and its various boards, commissions and agencies; severance and separation pay liability; and other payments by the government as an employer.		
		(a) Civil Service Superannuation Plan	**59,097.5**	54,496.5
		(b) Other Salary Related Benefits	**6,300.0**	5,500.0
		(c) Workers Compensation Board		
		(1) Assessments re: Accidents to Government Employees	**3,100.0**	2,868.0
		(2) Less: Recoverable from other appropriations	**(3,085.0)**	(2,853.0)
		Subtotal (c)	**15.0**	15.0
		Subtotal (a) to (c)	**65,412.5**	60,011.5
		(d) Canada Pension Plan	**26,865.0**	26,098.0
		(e) Employment Insurance Plan	**16,348.8**	18,114.5
		(f) Civil Service Group Life Insurance	**1,848.7**	1,797.5
		(g) Dental Plan	**6,907.0**	6,461.2
		(h) Vision Care	**1,179.7**	1,146.7
		(j) Prescription Drug Plan	**2,767.4**	2,680.4
		(k) Ambulance and Hospital Semi-Private Plan	**233.2**	315.2
		(m) Long Term Disability Plan	**5,141.0**	4,424.0
		(n) Levy for Health and Post-Secondary Education	**15,564.0**	15,364.2
		(p) Pension Liability for New Employees	**2,980.0**	1,000.0
		Subtotal (d) to (p)	**79,834.8**	77,401.7
		(q) Less: Recoverable from other appropriations	**(79,834.8)**	(77,401.7)
		TOTAL APPROPRIATIONS FOR EMPLOYEE PENSIONS AND OTHER COSTS	**65,412.5**	60,011.5

	Estimates of Expenditure 2003/04 $(000s)	Estimates of Expenditure 2002/03 $(000s)
CIVIL SERVICE SUPERANNUATION PLAN Provides funding for the employer's share (50%) of pensions to be paid to retired civil servants in 2003/04, including the annual cost of living increase. In addition, the province has introduced a program to reduce the accumulated pension liability related to existing employees. In 2002/03, $48 million of the $96 million debt retirement payment was allocated to the pension liability. This additional funding is not included in the Estimates of Expenditure for the Operating Fund. Matching pension contributions for employees hired on or after October 1, 2002 are the responsibility of the hiring department as noted under "Pension Liability for New Employees" outlined on page 13.	**59,097.5**	54,496.5
OTHER SALARY RELATED BENEFITS Provides for the annual increase/decrease in the liabilities for severance, vacation and overtime entitlements for employees who have met the service requirements stated in the collective agreement and who are still members of the civil service.	**6,300.0**	5,500.0
WORKERS COMPENSATION BOARD		
Assessment re: Accidents to Government Employees	**3,100.0**	2,868.0
Less: Recoverable from other appropriations	**(3,085.0)**	(2,853.0)
	15.0	15.0
Provides for the annual payments to government employees injured at work as assessed by the Workers Compensation Board (WCB) as well as fees paid to WCB for administration of the compensation plan. The annual payments are recovered from other departments in respect of their employees. The province is self-insured with respect to workers compensation payments, although the WCB provides administrative and assessment services.		
CANADA PENSION PLAN Provides for the employer's matching contribution as required under *The Canada Pension Plan Act* for all eligible civil servants.	**26,865.0**	26,098.0

	Estimates of Expenditure 2003/04 $(000s)	Estimates of Expenditure 2002/03 $(000s)
EMPLOYMENT INSURANCE PLAN Provides for the employer's share of premiums as required under *The Employment Insurance Act* for all civil servants.	**16,348.8**	18,114.5
CIVIL SERVICE GROUP LIFE INSURANCE Provides for the government's share (one-third) of payments under *The Public Servants Insurance Act* that provides for basic insurance coverage, including group life and accidental death and dismemberment insurance, for all eligible civil servants. Life insurance is provided to employees of up to five times their annual salary, to a maximum of $1.0 million. The employer contribution is 27.5% of the first four multiples only (employee funds 100% of the fifth multiple). The province self-insures accidental death and disablement insurance which is based on the employee's annual salary multiplied by class (1 to 5), as selected under the life insurance plan, up to a specified maximum.	**1,848.7**	1,797.5
DENTAL PLAN As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Dental Plan provides coverage for basic and major restorative dentistry to all eligible civil servants. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee. The plan pays for eligible dental care expenses, to a specified maximum, for both full-time and part-time employees. The annual basic coverage maximum is $1,400.00 and the orthodontic lifetime maximum is $1,600.00 for full-time employees. Part-time employees are eligible for family coverage based on 50% of the coverage amounts applicable for full-time employees, up to 50% of the maximum.	**6,907.0**	6,461.2

	Estimates of Expenditure 2003/04 $(000s)	Estimates of Expenditure 2002/03 $(000s)
VISION CARE As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Vision Care Plan provides coverage for prescription lenses and eye examinations for eligible civil servants. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee. Full-time employees are reimbursed 80% for eligible vision care expenses, to a maximum of $200.00 while part-time employees are reimbursed 40% for eligible vision care expenses, to a maximum of $100.00, in each 24 month period.	**1,179.7**	1,146.7
PRESCRIPTION DRUG PLAN As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the self-insured plan provides coverage for prescription drugs for eligible civil servants. The plan carrier (Manitoba Blue Cross) is reimbursed for payments made to government employees under the plan as well as an administrative fee. Full-time employees are reimbursed 80% for eligible expenses, to a maximum of $500.00 per family per calendar year, while part-time employees are reimbursed 40% for eligible expenses, to a maximum of $250.00 per family per calendar year.	**2,767.4**	2,680.4
AMBULANCE AND HOSPITAL SEMI-PRIVATE PLAN As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Supplementary Health Plan provides for an Ambulance and Hospital Semi-Private Plan to all eligible civil servants. Premium payments to the plan carrier (Manitoba Blue Cross) are made, based on the number of eligible employees. The plan is self-insured with both full-time and part-time employees eligible for coverage, although part-time employees are eligible for single coverage only. Part-time employees may elect to increase their coverage to include family members by paying the difference between the family premium and single premium through voluntary payroll deductions.	**233.2**	315.2

	Estimates of Expenditure 2003/04 $(000s)	Estimates of Expenditure 2002/03 $(000s)
LONG TERM DISABILITY (LTD) PLAN As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the LTD Plan provides partial income protection to eligible full-time and part-time employees. The province is self-insured with the plan carrier (Great West Life) being reimbursed for payments made to government employees under the plan as well as administrative fees and expenses.	**5,141.0**	4,424.0
LEVY FOR HEALTH AND POST-SECONDARY EDUCATION Provides for the province's payment as required by *The Health and Post-Secondary Education Tax Levy Act*.	**15,564.0**	15,364.2
PENSION LIABILITY FOR NEW EMPLOYEES Provides for the employer's cost of matching pension contributions made by civil servants hired on or after October 1, 2002. Costs are the responsibility of the hiring department and are reflected in this sub-appropriation. An offsetting recovery from the new employee's department has been reflected in Recoverable from Other Appropriations.	**2,980.0**	1,000.0
RECOVERABLE FROM OTHER APPROPRIATIONS Provides for the recovery from other departments for the cost of the various employee benefits plans and related overhead charges, as well as the pension liability for new employees. Costs associated with Other Salary Related Benefits, which reflect changes in the severance, vacation and overtime liabilities, and with the Civil Service Superannuation Plan are not recovered from departments.	**(79,834.8)**	(77,401.7)

PART 3

HISTORICAL INFORMATION

EMPLOYEE PENSIONS AND OTHER COSTS
FIVE YEAR EXPENDITURE SUMMARY BY SUB-APPROPRIATION
($000)
FOR YEARS ENDING MARCH 31, 2000 - MARCH 31, 2004

SUB-APPROPRIATION	ACTUAL EXPENDITURES*			ADJUSTED VOTE	ESTIMATES
	1999/2000	2000/01	2001/02	2002/03	2003/04
Civil Service Superannuation Plan	46,033.4	48,244.6	50,777.4	54,496.5	59,097.5
Other Salary Related Benefits	6,203.0	(3,161.2) [1]	14,659.5 [2]	5,500.0	6,300.0
Workers Compensation Board [3]	659.9	(115.9)	7.2	15.0	15.0
Canada Pension Plan	17,247.1	19,493.0	22,179.5	26,098.0	26,865.0
Employment Insurance Plan	18,516.1	17,577.7	17,032.1	18,114.5	16,348.8
Group Life Insurance Plan	1,561.2	1,529.1	1,594.8	1,797.5	1,848.7
Dental Plan	4,845.4	5,065.9	5,583.1	6,461.2	6,907.0
Vision Care	954.8	931.7	1,104.6	1,146.7	1,179.7
Prescription Drug Plan [4]	-	-	773.8	2,680.4	2,767.4
Ambulance and Hospital Semi-Private Plan	231.3	259.3	256.0	315.2	233.2
Long Term Disability Plan	3,203.0	3,273.7	3,575.8	4,424.0	5,141.0
Levy for Health and Post-Secondary Education	13,704.3	14,082.2	14,606.1	15,364.2	15,564.0
Pension Liability for New Employees [5]	-	-	-	1,000.0	2,980.0
Recoveries from other Appropriations	(60,670.5)	(62,871.2)	(65,605.0)	(77,401.7)	(79,834.8)
TOTAL	52,489.0	44,308.9	66,544.9	60,011.5	65,412.5

*Adjusted figures reflect historical data on a comparable basis in those appropriations affected by reorganization during the years under review.

1. The decrease occurred mainly as a result of adjustments made in 2000/01 made to amend accruals processed in 1999/2000 that overstated the liability for vacation, overtime and severance pay at March 31, 2000.
2. It was determined that the 2000/01 vacation and overtime liability was understated by $7,425.0. The entry was corrected in 2001/02 and, on average, over the two fiscal years, the total costs for Other Salary Related Benefits should have been reflected as $4,263.8 in 2000/01 and $6,248.8 in 2001/02.
3. The amounts reflected for Workers Compensation include both assessments and recoveries.
4. The Prescription Drug Plan was a new benefit that came into effect October 1, 2001.
5. A provision for Pension Liability for New Employees was established in the 2002/03 Estimates. Effective October 1, 2002, the full pension costs for each new employee is the responsibility of the hiring department.

EMPLOYEE PENSIONS AND OTHER COSTS
FIVE YEAR EXPENDITURE SUMMARY BY SUB-APPROPRIATION
($000)
FOR YEARS ENDING MARCH 31, 2000 - MARCH 31, 2004

SUB-APPROPRIATION	ACTUAL EXPENDITURES*			ADJUSTED VOTE	ESTIMATES
	1999/2000	2000/01	2001/02	2002/03	2003/04
Civil Service Superannuation Plan	46,033.4	48,244.6	50,777.4	54,496.5	59,097.5
Other Salary Related Benefits	6,203.0	(3,161.2) [1]	14,659.5 [2]	5,500.0	6,300.0
Workers Compensation Board [3]	659.9	(115.9)	7.2	15.0	15.0
Canada Pension Plan	17,247.1	19,493.0	22,179.5	26,098.0	26,865.0
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Dental Plan	4,845.4	5,065.9	5,583.1	6,461.2	6,907.0
Vision Care	954.8	931.7	1,104.6	1,146.7	1,179.7
Prescription Drug Plan [4]	-	-	773.8	2,680.4	2,767.4
Ambulance and Hospital Semi-Private Plan	231.3	259.3	256.0	315.2	233.2
Long Term Disability Plan	3,203.0	3,273.7	3,575.8	4,424.0	5,141.0
Levy for Health and Post-Secondary Education	13,704.3	14,082.2	14,606.1	15,364.2	15,564.0
Pension Liability for New Employees [5]	-	-	-	1,000.0	2,980.0
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5. A provision for Pension Liability for New Employees was established in the 2002/03 Estimates. Effective October 1, 2002, the full pension costs for each new employee is the responsibility of the hiring department.

EMPLOYEE PENSIONS AND OTHER COSTS

Five Year Expenditure Summary

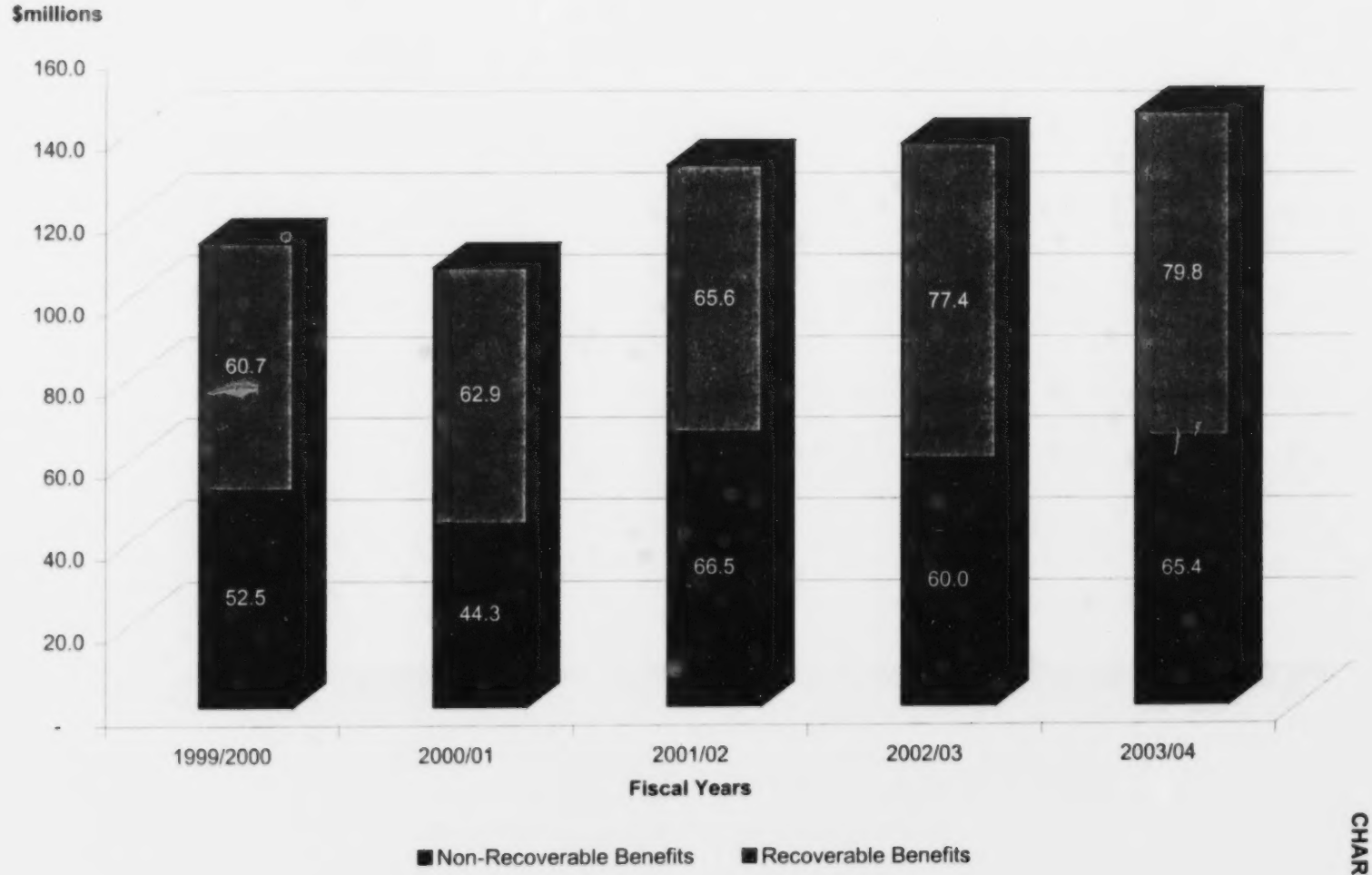

CHART 1